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EIC-M-98
12 February 1963

ECONOMIC INTELLIGENCE COMMITTEE

Minutes of Meeting Held in
Room 4 F 31, CIA Headquarters Building

1000 hours, 12 February 1963

PRESENT:

Dr. Otto E. Guthe, CIA, Chairman

25X1A9a [REDACTED] CIA, Vice Chairman

25X1A9a Morris H. Crawford, Department of State

25X1A9a [REDACTED] Defense Intelligence Agency

Arthur J. Smith, Department of State

Jerome Forrest, Agency for International Development

Eugene T. Olson, Department of Agriculture

Ernest Rubin, Department of Commerce

Dr. Edward R. Van Sant, Office of the Assistant Secretary of Defense,
International Security Affairs

25X1A9a [REDACTED] CIA

To be filed 26 Mar '63

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APPROVAL OF MINUTES:

The minutes of the EIC meeting of 14 August 1962 (EIC-M-97) were approved.

ANNOUNCEMENTS:

The Chairman announced that since the time of the last meeting the EIC had approved CIA nominations for Chairmen of the EIC Sub-committees indicated:

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Chemicals - [REDACTED]
Economic Defense - [REDACTED]
Industrial Machinery and Equipment - [REDACTED]

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The Chairman announced that the Department of State had nominated Mark J. Garrison as Chairman of the EIC Working Group on Sino-Soviet Bloc Economic Activities in Underdeveloped Areas vice Arthur J. Smith. No objection was voiced to the approval of Mr. Garrison as Chairman, and this nomination was considered approved as of 12 February 1963.

COORDINATED STUDY ON USSR TRADE

Mr. Crawford, the Department of State representative, mentioned that Soviet trade statistics ^{would} ~~will~~ be published shortly and raised the question of EIC consideration of a coordinated study on Soviet trade, which had been discussed at the last meeting. It was decided that representatives of the Departments of State and Commerce and the CIA ^{would} ~~would~~ ~~might~~ meet to discuss what is needed and what is feasible and that this matter be an item for discussion at the next EIC meeting.

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POST-MORTEM ON NIE 10-63, BLOC ECONOMIC AND MILITARY ASSISTANCE PROGRAMS

The Chairman distributed copies of the draft Post-Mortem on NIE 10-63, Bloc Economic and Military Assistance Programs and stated that this is in a field which the EIC supports substantially in the Working Group. Members were asked to take cognizance of the deficiencies noted in this Post Mortem, and the Chairman stated that any action members could individually take to remedy these deficiencies would be appreciated by the intelligence community.

CONSIDERATION OF EIC-R14-S14, "SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS, 1 JULY THROUGH 31 DECEMBER 1962":

for her
The Chairman suggested that the text of the report be reviewed ~~one~~
~~country by country basis~~ and that any modifications and changes made in the text be reflected in the summary ~~before consideration of the EIC.~~
~~The Chairman stated that~~ if any serious problems were encountered with the summary that could not be resolved by telephone, another EIC meeting would be held to approve the summary of the report. (The summary was subsequently approved by the Working Group members for their EIC principals.)

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CONSIDERATION OF EIC-R14-S14 (Continued)

It was suggested, and the members agreed, that review of the section on Cuba be deferred until the forthcoming NIE was approved for publication so that the language and figures in the semiannual would be consistent with the NIE. The question was raised as to whether Cuba should be considered as part of the Bloc or as an underdeveloped country. The Chairman referred to the definitions of the terms Communist Bloc, European Satellites, and Soviet Bloc as contained in the recently USIB-approved Priority National Intelligence Objectives. The Chairman suggested that consideration of Cuba be an item for discussion at the next EIC meeting.

With the reservations stated above,

The report was approved by the Committee for issuance, and the Working Group was instructed to incorporate the revisions which had been agreed upon. The Chairman and Vice Chairman commended the members of the Working Group for producing ^{the} ~~a good report~~ on a timely basis in spite of other pressures.

The advisability of including statements on military aid to Cuba in view of the sensitivity of estimates on this subject was discussed. It was the majority view that the subject should not be excluded but that particular attention should be given to phrasing in order to avoid manipulation.

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PROCEDURAL MATTERS REGARDING FUTURE SEMIANNUAL REPORTS

The Chairman suggested that the ~~FOREWORD~~ to the next semiannual report might be revised so that it would be made clear to the reader just how the report is actually prepared; The Chairman suggested that a statement be included that the CIA assumes primary responsibility for Part I and the Department of State assumes primary responsibility for Part II; followed by the statement that the final draft was reviewed by and coordinated with a working group of the EIC, including representatives from the various agencies; and that the report was then approved for publication by the Economic Intelligence Committee. The Working Group was requested to take this suggestion into consideration in the preparation of the ~~FOREWORD~~ of the next report.

The members also agreed that the EIC should give the Working Group *and other parts* guidance on the scope and content of the patterns and prospects section of the report. It was decided that this matter would be an item for further discussion at the next EIC meeting.

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The Chairman mentioned that in view of CIA commitments to produce many studies responsive to current intelligence and policy questions and the time involved in the preparation of the semiannuals, he felt that the EIC should concentrate on essential reporting but wondered if it was necessary to prepare a full report every six months. The Chairman ~~had~~ proposed that consideration be given to issuing a full report on an annual basis, best prepared at mid-year, reserving the reporting on the details of the individual countries and trends and changing patterns for inclusion in the full report. He further proposed that the essential tables be prepared at the year's end and stated that since the summary tables on Bloc economic credits and grants from 1954 to the present are extremely time consuming in preparation and are nearly 70 pages in length, he would recommend that only additions to these tables be prepared.

Considerable discussion followed during which it was pointed out that at the year's end only January-June trade figures are available and that they are incomplete, but that at mid-year the full year figures would be available and having a full array of data would be better than half-year data. It was concluded that the summary tables, however, are of value in their present form and it was proposed that rather than issue a shortened version perhaps some other method of producing these tables could be found that would be less time consuming.

It was the consensus of members that before making any final decision on this proposal, another meeting of the EIC on this question would be useful.

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PROPOSED ITEMS FOR DISCUSSION AT NEXT MEETING

The Chairman suggested that the EIC ~~meet in about 6 weeks and~~ *at its next meeting might* direct its attention to the following items that items for consideration would be:

25X1X7 Discussion of and necessary action on the recommendation of the EIC Subcommittee on Requirements that it be abolished and that the Standing Group of [REDACTED] be established as a Working Group of the EIC.

Discussion, supported by factual information, regarding the ~~need of~~ *requirement that* all EIC member agencies ~~to~~ comply with the provisions of DCID 3/1 ~~which requires coordination of~~ *that* proposals for external research in the economic intelligence field ~~be brought before the EIC for review.~~

Discussion of the implications of the USIB-approved Priority National Intelligence Objectives definition of the Communist Bloc and the Soviet Bloc on economic intelligence production.

Guidance to the Working Group on reporting.

Proposal for an annual report on Soviet trade.

Chairman